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## UNITED STATES GENERAL ACCOUNTING OFFICE

## REGIONAL OFFICE

ROOM 7054, FEDERAL BUILDING 300 NORTH LOS ANGELES STREET LOS ANGELES, CALIFORNIA 90012 6P0 0C345

AUG 4 1970

ATRIMIL

Mr. Philip Scheler
Regional Commissioner
Social and Rehabilitation Service
Department of Health, Education,
and Welfare
50 Pulton Street
San Francisco. California 90102

Dear Mr. Schafers

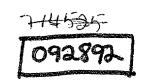


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In our review of administrative expenses claimed for Federal reimbursement in Los Angeles County for services rendered to welfare recipients, we noted a need for better accountability of Federal funds appropriated for the child care costs of the Work Incentive (WIN) Program. This observation was described in our letters to you dated June 12 and 26, 1970, and discussed in our meeting with members of your staff on June 16, 1970.

We know of your interest in correct accountability of these costs, and are requesting your response as to the steps taken to achieve this objective. The circumstances related to this matter are presented below.

In los Angeles County, not all WIN child care costs are separately identified. Some are included as an unidentified part of the costs of county day care centers, and some are included as an unidentified part of WIN training allowences paid directly to WIN participants. This practice does not comply with HEW's requirement which states that child care costs for WIN participants must be separately identified since Federal funds for this purpose come from a separate appropriation. By not complying with this requirement, all of the child care costs are not totally accounted for, and the figures reported for these costs are understated. For example, we estimate that the cost of the day care centers in los Angeles applicable to the WIN Program was \$15,000 for the first half of 1970. This cost should have been recorded as a WIN child care cost, but instead was recorded as an administrative-operating cost of the Aid to Families with Dependent Children program. Thus, this cost was not met by the correct appropriation.



In our meeting of June 18, 1970, Nrs. Lillian Dimman of your staff agreed that child care expenditures for MIN participants must be separately identified, and Nr. Howard C. Scott, Chief Fiscal Field Support Bureau, State Department of Social Walfare, stated that he would issue supplemental instructions to the counties reemphasizing the HEW requirement that these costs be separated. Mr. Scott indicated that these instructions would be issued by July 1970. We would particularly be interested in your opinion of the adequacy of the State's supplemental instructions for achieving the desired results.

We would appreciate your reply by August 12, 1970. Should you find it belpful in formulating your response to further discuss our observations, you may contact us at 688-3813, area code 213.

Copies of this letter are also being sent to the Assistant Secretary, Comptroller, and the Administrator, Social and Rehabilitation Service, of the Department of Health, Education, and Welfare, for their information.

Sincerely yours,

H. L. KRIEGER

II. L. MIRKER Regional Manager

cor Assistant Secretary, Comptroller, HW

Administrator, Social and Rebabilitation Service, NEW

bcc: Chief, Publications Branch
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